

Market Resource December 2025:

1 message

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DECEMBER 2025

BROXTON
CAPITAL ADVISORS



YTD as of 10/31/2025

AlphaPortfolio 4.62%

Smart Yield 3.90%

MARKETS

DOW JONES 11.79%

S&P 500 16.38%

NASDAQ 100 23.05%

REIT INDEX .11%

SMALL CAP 11.44%

HIGH YIELD 2.73%

BOND YIELDS

10 YR TREAS 4.10%

YTD CHANGE -10.28%

30 YR TREAS 4.67%

YTD CHANGE -2.42%

SINCE INCEPTION

Through December 31, 2024

BROXTON 462.93%

S&P 500 583.91%

DOW JONES 519.11%

The Market in focus

AI Trade: Recently Investor Michael Burry, who was famous for predicting the 2008 housing collapse hit the AI community with a prediction of a possible bubble burst. He called OpenAI the "Netscape of our time," saying it's "hemorrhaging cash." Burry revealed shorts against AI darlings Nvidia and Palantir. Reuters reported: "Big investors attending Abu Dhabi Finance Week voiced concern over the high valuations attached to AI-related companies but said that investment in the infrastructure crucial to the sector's long-term success cannot be dismissed. "Jenny Johnson (an attendee & CEO of Franklin Templeton) characterised recent market activity and worries about an AI-related bubble as the early days of the gold rush. "Who cares? So, there's seven stocks. We're talking about one of the greatest technological changes in our lifetime and it's a bit like saying the picks and shovels (in the gold rush) got really expensive," Johnson said on a conference panel. "We haven't even begun to see the impact of AI," she said, adding that it would take some years before the technology would become transformative and meaningful enough to appear in company earnings, echoing policymakers and economists who continue to assess AI's impact on productivity, labour markets and corporate earnings." What do we think? Companies are rushing to participate in the building of AI infrastructure and hardware. The demand to build is so high that it is driving the costs of electricity producing equipment and other peripheral items such as memory chips higher. However, it is not clear where the customer demand is....**so we asked AI!** "At the top end of the market, AI infrastructure production is closely matched—or lagging—customer commitments. Today's risk is supply constraints and power, not unsold AI infrastructure. Lead times for high-end GPUs have been 6–12+ months, indicating committed demand".....Thanks ChatGPT!! 👍👍



Economy, Recession Watch 🔍🔍: According to [Equifax](#) auto loan defaults improved slightly in November. "canary in the coal mine" private label credit cards (think Macy's or Lowes) serious delinquencies dropped close to 10% year over year and remained near the yearly average of 4.4%. Consumer finance loans were slightly improved versus last year. The New York Fed Staff Nowcast stands at 1.7% for economic growth in the fourth quarter and the latest estimate from the Atlanta Fed GDPNow was for 3.5 percent GDP growth as of December 16th??? There's no sign of recession right now or increase in consumer defaults. 😊🙏

Albertsons (ACI) operates 2,270 grocery stores across 34 states and the District of Columbia under the Albertsons, Safeway, Vons, Pavilions, Randalls, Tom Thumb and other brands. The company is ranked at #4 behind Walmart, Costco and Kroger. ACI also operates 1,728 in-store pharmacies, 1,313 in-store branded coffee shops and 405 associated fuel centers. The company got a new chance when new management was installed earlier this year. Susan Morris became CEO in March and confirmed the companies' 5 strategic priorities, which include driving customer growth and engagement through digital connection, growing media collective, enhancing the customer value proposition, modernizing capabilities through technology and driving transformational productivity. ACI showed stabilization in margin and decent revenue growth in the recent quarter. Morris outlined that profit initiatives as well: "As we previously shared from fiscal year 2025 through 2027, we expect our productivity engine to deliver \$1.5 billion in savings, which we plan to reinvest in growth and our customer value proposition as well as to offset other inflationary headwinds." ACI also has large real estate holdings. In 2020 the company's real estate was appraised at \$11.2 billion. We believe management has the tools to improve gross margins by .5 % area over the next 3 years, which would improve EPS by close to 50%. Morris declared a \$750 million dollar immediate stock purchase in October. Our current buy and price target of \$24 are based on the strong values and high cash flows combined with our forecast for improved margins and EPS under new management. [REPORT](#)

BlackRock TCP Capital Corp. (TCPC) is a specialty finance company focused on middle-market lending. TCPC is also a BDC, which is not taxed, but pays its lending profits to shareholders. The company got into trouble beginning in 2022, when prior management made oversized bets on narrow subsectors, notably, "online aggregators" We believe the losses tied to the prior nontraditional investment strategy are mostly behind the company and TCPC will experience default rates that are in line with average middle market lenders under the new management. Although to be conservative, we are modeling an additional \$80 million in losses for 2026 and 2027. Currently, TCPC is trading at a \$250 million dollar discount to its book value. We initiated coverage with a price target of \$7.60 based on the 35% discount to 3rd quarter 2025 book value and our 16.9% dividend yield forecasted for 2026. We believe that the market will trade the company at a more reasonable 12% area yield and around 9% discount to our predicted book value. The company's board also reiterated a buyback for up to \$50 million earlier in the year. [REPORT](#)

Have a good Holiday!! 😊😊😊🎅🎅🎅

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